

Message Text

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11

ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 IO-13 H-03 L-03 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 RSR-01 NEA-10 PA-03 PRS-01 USIA-15 /169 W

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P 080750Z AUG 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 7168

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USADB

E.O. 11652: ADS, DECLAS 12/31/74

TAGS: EAID, EFIN

SUBJECT: SALARY COMMITTEE FOR ADB DIRECTORS/ALTERNATE DIRECTORS'
REMUNERATION

TREASURY FOR FINKEL

1. AT EXECUTIVE SESSION OF 7 AUGUST 1973 BOARD MEETING,
BANK WORKING PAPER ON CREATION OF IBRD-TYPE SALARY COMMITTEE
DISCUSSED. (EXECUTIVE SESSION WORKING PAPER 1
POUCHED 7 AUGUST 1973).

2. WORKING PAPER SUGGESTS CREATION OF IBRD-TYPE SALARY
COMMITTEE TO ADDRESS ISSUE OF ADB DIRECTORS/ALTERNATE
DIRECTORS' REMUNERATION WHILE LEAVING OPEN POSSIBILITY
THAT BOARD MAY WISH TO RECOMMEND INTERIM SALARY INCREASE
PRIOR TO ACTION TAKEN BY PROPOSED NEWLY CREATED COMMITTEE
ON THAT ISSUE. IN LENGTHY MEETING, GENERAL AGREEMENT IN
PRINCIPLE ON CREATION OF SALARY COMMITTEE BUT CONSIDERABLE
DIFFERENCE OVER ISSUE OF INTERIM INCREASE. EUROPEAN DIRECTORS
ESPECIALLY, WHO HAD BEEN HIGHLY CONCERNED ABOUT CURRENCY RE-
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ALIGNMENT AND IMPACT ON REAL INCOMES OF EUROPEANS AT BANK, PUSHED

HARD FOR INTERIM INCREASE IMMEDIATELY. KOREAN, INDONESIAN, AND JAPANESE DIRECTORS (LATTER SPEAKING IN PERSONAL CAPACITY) SUPPORT INTERIM INCREASE. BASIC CONCERN IS THAT SALARY COMMITTEE CANNOT ACT RELATIVELY QUICKLY. INDIAN AND AUSTRALIAN DIRECTORS OPPOSED TO INTERIM INCREASE AND IN FAVOR OF ALLOWING COMMITTEE TO COMPLETELY RESOLVE ISSUE.

3. IN JANUARY 1972, BOARD DISCUSSION ON ISSUE, BOARD DECIDED TO APPROACH BOARD OF GOVERNORS IMMEDIATELY WITH RESOLUTION CALLING FOR AN INCREASE IN SALARIES OF DIRECTORS TO \$30,000 AND ALTERNATE DIRECTORS TO \$25,000, STRESSING IN COVERING DOCUMENT TO RESOLUTION (EX/R1-72, REVISION 1, FINAL, 1 FEB 1972) THAT SUGGESTED INCREASE AN INTERIM MEASURE, IMPLYING THAT BOARD OF GOVERNORS WOULD BE APPROACHED SUBSEQUENTLY WITH SECOND PHASE OF DIRECTORS' RECOMMENDATION. DIRECTORS AT 27 JAN 1972 MEETING HAD DECIDED ON TWO-STEP APPROACH IN WHICH SECOND STEP TO \$31,500 AND \$26,500 WOULD BE RECOMMENDED TO THE BOARD OF GOVERNORS IN 1973. AT THAT TIME, U.S. DIRECTOR STATED USG SUPPORT FOR TWO-STEP PROCEDURE.

4. IN LIGHT OF (A) STRONG AND MAJOR SUPPORT FOR INTERIM INCREASE IMMEDIATELY, (B) PREVIOUS BOARD DECISION THIS ISSUE AND (C) STATED U.S. POSITION DURING JAN 1972 SALARY INCREASE DISCUSSION, U.S. DIRECTOR SUGGESTED THAT, IF BOARD DECIDES INTERIM INCREASE NECESSARY, IT LIMIT RECOMMENDED INCREASE TO \$1,500 BASED ON PREVIOUS BOARD ACTION AND INTENTIONS WHILE SIMULTANEOUSLY RECOMMENDING TO BOARD OF GOVERNORS CREATION OF SALARY COMMITTEE TO IMMEDIATELY ADDRESS ISSUE OF DIRECTORS/ALTERNATE DIRECTORS' REMUNERATION.

5. PRESIDENT INOUE REQUESTED BOARD MEMBERS TO CONTACT GOVERNMENTS REGARDING POSITIONS AND CONVEY THOSE INFORMALLY TO BANK MANAGEMENT IN COMING WEEK. MANAGEMENT WILL ISSUE PAPER AROUND 20 AUGUST FOR DISCUSSION AND DECISION AT 30 AUGUST BOARD MEETING REGARDING RECOMMENDATIONS THIS SUBJECT TO BOARD OF GOVERNORS.

6. APPRECIATE COMMENTS SOONEST.
SULLIVAN

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Disposition Date: 28 MAY 2004
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Disposition Reason:
Disposition Remarks:
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